

## Message Text

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ACTION ACDA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 CIAE-00 INR-07 IO-11 L-03

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1144

IAEA VIENNA 4352

INFO AMEMBASSY BUCHAREST

USERDA

USMISSION NATO

AMEMBASSY PARIS

C O N F I D E N T I A L MOSCOW 3838

E.O. 11652: GDS

TAGS: PARM, TECH, UR, ER, NRG, COMECON

SUBJECT: SOVIET COMMENTS RE POSSIBLE FRENCH-SOVIET COOPERATION IN  
USE OF PEACEFUL NUCLEAR EXPLOSIONS (PNE'S) FOR CONSTRUCTION OF  
NATURAL GAS STORAGE RESERVOIRS

REF: (A) IAEA VIENNA 1711 (NOTAL), (B) IAEA VIENNA 1696 (NOTAL),  
(C) MOSCOW A-27(NOTAL)

1. SUMMARY. EMBASSY EVALUATES RECENT STATEMENT BY SOVIET OFFICIAL  
THAT FRANCE HAS PARTICIPATED WITH USSR IN INVESTIGATION OF USE OF  
PNE'S FOR CONSTRUCTION OF UNDERGROUND NATURAL GAS RESERVOIRS AT  
ORENBURG IN SOUTHERN URALS. IT APPEARS THAT FRENCH ENGINEERS  
WORKING ON INSTALLATION OF DESULFURIZATION  
PLANTS AT ORENBURG MAY HAVE BEEN INFORMED OF PNE ACTIVITY AND  
VISITED SOME OF RESERVOIRS, BUT ACTUAL EXTENT OF "COOPERATION" IS  
UNCERTAIN. EMBASSY BELIEVES THERE IS GOOD POSSIBILITY THAT SOVIETS  
WILL MAKE FURTHER USE OF PNE'S AT ORENBURG IN VIEW OF URGENCY  
INVOLVED IN ON-TIME COMPLETION OF PROJECT. CONSTRUCTION OF  
UNDERGROUND NATURAL GAS RESERVOIRS IN DIFFERENT AREAS OF USSR WAS  
ALSO DESCRIBED AS ESSENTIAL BY SOVIET PREMIER KOSYGIN DURING RECENT  
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SPEECH AT CPSU CONGRESS. END SUMMARY.

2. UNDERGROUND RESERVOIRS FOR STORAGE OF GAS CONDENSATE REFERRED TO BY PROFESSOR MOROKHOV, DEPUTY CHAIRMAN, SOVIET STATE COMMITTEE FOR ATOMIC ENERGY, IN CONVERSATION REPORTED IN IAEA VIENNA 1711 WOULD BE LOCATED NEAR ORENBURG IN SOUTHERN URALS, THE SITE OF A MAJOR SOVIET AND CEMA NATURAL GAS DEVELOPMENT PROJECT.

3. THE ORENBURG PROJECT, WHICH WILL INCLUDE LARGEST NATURAL GAS PIPELINE IN THE WORLD EXTENDING TO SOVIET-CZECHOSLOVAK FRONTIER, IS VALUED AT MORE THAN FIVE BILLION RUBLES. IT IS BEING CONSTRUCTED JOINTLY BY USSR, POLAND, GDR, CZECHOSLOVAKIA, HUNGARY, BULGARIA AND ROMANIA. ROMANIAN CONTRUBUTION IS PURCHASE FROM FRANCE OF DESULFURIZATION PLANTS WHICH PROCESS GAS CONDENSATE INTO NATURAL GAS AND ALSO ASSISTANCE IN THE INSTALLATION OF THESE PLANTS IN ORENBURG AREA.

4. WHEN EMBASSY OFFICER VISITED ORENBURG JAN. 21-22 (REFAIR) HE FOUND THAT TWO OF THE PROCESSING PLANTS HAD ALREADY BEEN INSTALLED, WITH THIRD STAGE SCHEDULED FOR COMPLETION IN 1978. SOVIETS MADE NO MENTION OF UNDERGROUND STORAGE FACILITIES, ALTHOUGH THEY DID SAY THAT PRESENT GAS CONDENSATE RESERVES ARE AT DEPTH OF 1500 METERS AND THAT NEW RESERVES HAVE BEEN DISCOVERED AT DEPTH OF THREE TO FOUR THOUSAND METERS. EMBOFF NOTED MANY FRENCH ENGINEERS AND TECHNICIANS LIVING NEAR PROJECT AND ALSO SIX AMERICANS FROM J.F. PRITCHARD CO. OF KANSAS CITY AND FROM GENERAL ELECTRIC.

5. ON BASIS OF AVAILABLE INFORMATION EMBASSY CONCLUDES THAT SOVIETS WILL PROBABLY MAKE FURTHER USE OF NEW TECHNIQUES, SUCH AS PNE'S, FOR UNDERGROUND CONSTRUCTION AT ORENBURG. THERE HAVE BEEN A NUMBER OF FIRM INDICATIONS THAT PROJECT HAS VERY HIGHEST PRIORITY IN SOVIET AND CEMA ENERGY PLANNING. CEMA BANKS ARE BORROWING MORE THAN ONE BILLION EURODOLLARS FOR PURCHASE OF WESTERN PIPE AND EQUIPMENT AND USSR IS BELIEVED TO BE MAKING SIGNIFICANT ALLOCATIONS OF SKILLED LABOR TO COMPENSATE FOR INABILITY OF EE COUNTRIES TO MEET THEIR COMMITMENTS. TARGET DATE FOR COMPLETION OF PROJECT IS LAST QUARTER OF 1978. FURTHERMORE, IN HIS RECENT SPEECH AT CPSU CONGRESS, SOVIET PREMIER KOSYGIN STRESSED URGENT NECESSITY OF CREATION OF UNDERGROUND NATURAL GAS STORAGE FACILITIES IN A NUMBER OF DIFFERENT REGIONS OF USSR.

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6. OUR FRENCH EMBASSY CONTACTS HERE SAY THEY HAVE NO KNOWLEDGE OF FRENCH PARTICIPATION IN INVESTIGATIONS AT ORENBURG OF UNDERGROUND RESERVOIRS CREATED BY PNE'S, AS CLAIMED BY PROFESSOR MOROKHOV. HOWEVER, WE BELIEVE THAT MOROKHOV'S STATEMENT MAY HAVE BEEN ESSENTIALLY CORRECT IN THAT SOME OF FRENCH ENGINEERS PRESENT AT ORENBURG MAY HAVE BEEN BRIEFED ON PNE ACTIVITY AND INSPECTED RESERVOIR SITES. HOW EXTENSIVE THEIR ACTUAL "COOPERATION" OR "JOINT ACTIVITY" IN THIS SECTOR MAY HAVE BEEN IS AN OPEN QUESTION, ANSWER TO WHICH WE SHALL

TRY TO OBTAIN THROUGH AVAILABLE SOURCES. STOESSEL

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